

Message Text

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ORIGIN TRSE-00

INFO OCT-01 EA-07 ISO-00 NEA-10 IO-10 H-02 L-03 PA-01

PRS-01 SP-02 AID-05 EB-07 NSC-05 CIEP-01 SS-15 STR-04

OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

USIA-06 XMB-02 OPIC-03 LAB-04 SIL-01 /102 R

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E:DWOOD (DRAFT)

EB/IFD/ODF:JWINDER

AID/PPC:CGULICK

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R 200630Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

AMEMBASSY MANILA

C O N F I D E N T I A L STATE 197499

E.O. 11652: GDS

TAGS: EFIN

SUBJECT: ASIAN DEVELOPMENT BANK REPLENISHMENT

MANILA FOR USADB

1. WE BELIEVE IT WOULD BE USEFUL TO REVIEW WITH GOJ AND
ADB PRESIDENT OUR POSITION FOR UPCOMING ADB REPLENISHMENT
MEETINGS AND SEEK UNDERSTANDING OF OUR PROBLEM AND
ASSISTANCE WITH OUR SHARED OBJECTIVE OF KEEPING ADB
FUNCTIONING AS A VIGOROUS INSTITUTION.

2. WE DO NOT REPEAT NOT PLAN TO CONSULT WITH OTHER DONORS
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AT LEAST UNTIL THE EVE OF THE MEETING AND GOJ AND INOUE

SHOULD THUS BE ASKED TO HOLD OUR POSITION CLOSELY. FYI: AUSTRALIAN EMBASSY UPON INSTRUCTION FROM CANBERRA INQUIRED YESTERDAY OF STATE DEPARTMENT ON USG POSITION ON INDOCHINA AID THROUGH MEKONG COMMITTEE, ADB, ETC. WE ONLY TOLD AUSTRALIANS THAT WE CONSIDER ADB IMPORTANT DEVELOPMENT INSTITUTION FOR REGION; WE HAVE APPROPRIATIONS BILL PENDING, MATTER UNDER REVIEW WITHIN ADMINISTRATION AND WE WILL CONCENTRATE FIRST ON GETTING APPROPRIATION BILL PASSED THIS ALL. END FYI. YOU SHOULD REVIEW OUR POSITION AS LAID OUT BELOW WITH PRESIDENT INOUE AND APPROPRIATE GOJ OFFICIALS.

3. WHILE THE UNITED STATES CONTINUES TO FULLY SUPPORT THE ASIAN DEVELOPMENT BANK IN EFFORTS TO ASSIST IN THE DEVELOPMENT PROCESS OF MEMBER COUNTRIES, THERE ARE A NUMBER OF FACTORS WHICH MAKE IT DIFFICULT FOR US TO FIRMLY COMMIT OURSELVES TO PARTICIPATE IN THE REPLENISHMENT OF THE ASIAN DEVELOPMENT FUND AT THIS TIME. KEY ELEMENTS UNDERLYING OUR INABILITY WILL BE MORE FORTHCOMING SOONER IN ADB REPLENISHMENT NEGOTIATIONS ARE:

A: WIDESPREAD DESIRE BY CONGRESS NOT TO EXTEND ASSISTANCE TO INDOCHINA IS EVIDENCED BY SECTION 109 OF CONTINUING RESOLUTION IN FY 76 APPROPRIATIONS WHICH READS: QUOTE. NONE OF THE FUNDS HEREIN MADE AVAILABLE SHALL BE OBLIGATED OR EXPENDED TO FINANCE DIRECTLY OR INDIRECTLY ANY ASSISTANCE TO NORTH VIETNAM, SOUTH VIETNAM, CAMBODIA, OR LAOS, NOR SHALL ANY FUNDS HEREIN MADE AVAILABLE BE CHanneled THROUGH OR ADMINISTERED BY INTERNATIONAL ORGANIZATIONS, UNITED NATIONS ORGANIZATIONS MULTILATERAL ORGANIZATIONS, VOLUNTARY AGENCIES, OR ANY OTHER COMPARABLE ORGANIZATIONS OR AGENCIES IN ORDER TO FINANCE ANY ASSISTANCE TO NORTH VIETNAM, SOUTH VIETNAM, CAMBODIA, OR LAOS. UNQUOTE. LEADERS IN CONGRESS BELIEVE SOME PROVISION ASSURING THAT U.S. FUNDS NOT GO TO INDOCHINA WOULD BE REQUIRED TO GET CONGRESSIONAL ACTION ON ADB, IE THAT GIVEN RELATIVELY WEAK SUPPORT FOR FOREIGN AID AND PARTICULARLY ADB, EVEN SMALL NUMBER OF MEMBERS WHO MIGHT SWING ON INDOCHINA ISSUE COULD DEFEAT ADB PROPOSITION.

B. AUTHORIZATION COMMITTEES WITH WHICH DETAILED CONSULTATIONS ARE ESSENTIAL ON REPLENISHMENT WANT APPROPRIATION
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COMMITTEE TO TAKE LEAD ON INDOCHINA ISSUE. FYI: THIS IS PARTLY BECAUSE APPROPRIATION ACTION WOULD MORE LIKELY BE OF ONE-YEAR NATURE AND PARTLY BECAUSE AUTHORIZATION COMMITTEES HAVE GENERAL POSITION OPPOSING EARMARKING TYPE ACTION FOR DEVELOPMENT BANKS. END FYI.

C. IT WILL REQUIRE MAJOR ADMINISTRATION EFFORT BOTH BECAUSE OF NEGATIVE CONGRESSIONAL ATTITUDE ON IFI APPROPRIATIONS AND INDOCHINA PROBLEM TO GET FY-76 APPROP-

PRIATION OF 50 MILLION DOLS SOFT FUNDS AND 121 MILLION DOLS CAPITAL FOR ADB AND WE NEED TO CONCENTRATE OUR EFFORTS ON THAT BEFORE DEALING WITH REPLENISHMENT. OUR PROSPECTS OF OBTAINING APPROPRIATION IN A FORM ACCEPTABLE ON THE INDOCHINA ISSUE ARE SUBSTANTIALLY BETTER IF NOT NOW ENCUMBERED BY REPLENISHMENT. IF WE SHOULD NOT GET FY-76 APPROPRIATIONS, WE WOULD FALL ANOTHER YEAR BEHIND THE SCHEDULE OF OTHERS AND WOULD BE IN POOR POSITION TO PARTICIPATION IN REPLENISHMENT.

D. WE WOULD LIKE TO COMBINE REPLENISHMENT OF SPECIAL FUNDS (NOW UNDER DISCUSSION) AND ORDINARY CAPITAL WHICH IN ANY CASE WOULD COME UP NEXT YEAR. A COMBINED PACKAGE IS EASIER

TO SELL BECAUSE IT INCLUDES SUPPORT FOR EAST ASIAN COUNTRIES SUCH AS KOREA, AND PHILIPPINES AS WELL AS FOR SPECIAL FUND COUNTRIES AS BANGLADESH AND NEPAL. MOREOVER, IT IS DIFFICULT TO GET CONGRESS TO FOCUS IN CONSECUTIVE YEARS ON A SINGLE DEVELOPMENT BANK.

3. FOR THE ABOVE REASONS OUR POSITION AT THE AUGUST 30 MEETING IN WASHINGTON WILL INCLUDE THE FOLLOWING ELEMENTS:

A. WE SHALL REMOVE OUR RESERVATIONS IN PRINCIPLE ON PARTICIPATION IN A THREE-YEAR REPLENISHMENT WHICH WE EXPRESSED AT LAST MEETING.

B. WE SHALL EXPLAIN THAT BECAUSE WE ARE BEHIND IN OUR CONTRIBUTIONS, APPROPRIATIONS ARE NOW PENDING, AND THE INDOCHINA ADB UNCERTAINTIES, WE HAVE NOT BEEN IN POSITION TO CONSULT WITH CONGRESS YET AND THUS CANNOT DISCUSS SPECIFIC NUMBERS OR LEVELS.

C. WE WILL INDICATE THAT U.S. SHARE OF THE REPLENISHMENT INDICATED BY THE ADB (28 PERCENT OR 230 MILLION DOLS) IS CONFIDENTIAL

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TOO HIGH AND WE WOULD LOOK FOR A REDUCED SHARE, BUT WE SHALL NOT SPECIFY ANY SPECIFIC SHARE.

D. WE SHALL URGE A JOINT REPLENISHMENT OF ORDINARY CAPITAL AND SPECIAL FUNDS.

E. WHEN ASKED, WE SHALL INDICATED THAT WE ARE UNLIKELY TO BE IN ANY DIFFERENT POSITION BY PROPOSED SEPTEMBER MEETING THAN ON AUGUST 30. WE WOULD BE PREPARED ATTEND SEPTEMBER MEETING BUT WOULD ALSO GLADLY AGREE TO DELAY MEETING UNTIL NOVEMBER OR DECEMBER BY WHICH TIME GROUND-WORK FOR ORDINARY AS WELL AS SPECIAL FUND CONTRIBUTION MIGHT BE LAID AND CONGRESSIONAL SITUATION MIGHT BE CLEARER.

F. WE SHALL URGE THAT OTHERS IN A POSITION TO DO SO

PROCEED WITH VOLUNTARY CONTRIBUTIONS TO ADB SPECIAL FUNDS
TO COVER NEEDS WELL INTO 1976.

4. FOR TOKYO: POSITION OF GOJ ON MAKING A ONE-YEAR
VOLUNTARY CONTRIBUTION, I.E. WITHOUT A BURDENSARING U.S.
CONTRIBUTION - APPEARS TO BE KEY TO GETTING SUCH CONTRI-
BUTIONS FROM OTHERS. WE WOULD BE PREPARED TO WORK WITH
GOJ IN ANY WAY WE CAN TO FACILITATE SUCH A CONTRIBUTION.
NOTE THAT, ALTHOUGH WE ARE BEHIND IN MEETING PLEDGES IF
WE GET PENDING FY-76 50 MILLION DOLS CONTRIBUTION, WE WILL

BE CONTRIBUTING IN ME PERIOD AS GOJ, AND WE WILL MAKE
MAJOR EFFORTS TO HAVE APPROPRIATION BILL PASSED AND
SUBSEQUENTLY TO CATCH UP WITH REPLENISHMENT. EMBASSY'S
SUGGESTIONS HOW WE CAN BEST PERSUADE GOJ TO GO AHEAD
WITHOUT WAITING FOR U.S. WOULD BE APPRECIATED. KISSINGER

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